

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
JANUARY 21, 1994, 9:00 AM EST

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Friday, January 21, 1994. Members present were Messrs. Mark Hasten, Chairman, presiding, W. Paul Wolf, Vice-Chairman, Anthony Zaleski, Jr., Daniel Leitch, Norman Lowery, and Douglas Grant. Also present from the Department were Director Charles W. Phillips, J. Philip Goddard, Legal Counsel; James M. Cooper, Supervisor, Mergers and Acquisitions; Kirk J. Schreiber, Bank Analyst; Eric Roberts, Bank Analyst; Randall L. Rowe, Bank Supervisor; Robert Haler, Supervisor, Consumer Credit Division; Mark K. Powell, Supervisor, Credit Unions; Clothilde Cremona, Intern; and Janice L. Davis, Administrative Assistant.

I. PUBLIC SESSION

- A.) Attendance
- B.) The date of the next Members Meeting will be February 24, 1994, at 9:00 a.m. EST.
- C.) Approval of the minutes of the meeting held December 16, 1993. A motion was made for approval of the minutes by Mr. Wolf, and seconded by Mr. Zaleski. The minutes were unanimously approved.
- D.) Mr. Phillips introduced Clothilde Cremona, an intern from Lyon, France, to the Members of the Board, who has been involved in the legislative process and has been assisting Mr. Goddard, the Department's legislative liaison.

DIVISION OF BANKS AND TRUST COMPANIES

1) Anthem Trust and Asset Management Company, Inc., Indianapolis, Marion County, Indiana

Donald C. Trigg, as incorporator, applied to the members of the Department of Financial Institutions for approval to form a pure non-depository State-chartered trust company to be known as "Anthem Trust and Asset Management Company, Inc.," Indianapolis, Marion County, Indiana. The trust company will be a wholly owned subsidiary of Anthem Capital Management, Inc., which is a newly-formed, wholly owned, indirect subsidiary of the Associated Insurance Companies, Inc. The main office will be located at Market Tower Suite 1070, 10 West Market Street, Indianapolis, Marion County, Indiana. The trust company intends to operate an office in Terre Haute, Vigo County, Indiana.

Kirk J. Schreiber, Bank Analyst, presented the application to the members and conveyed certain financial data. The proposed trust company will be a subsidiary of Anthem Capital Management, Inc. The trust company proposes to offer personal trust and employee benefit programs, and expects to have an initial staff of twelve individuals. The Indianapolis office will be staffed by Ronald Dietz, President and Chief Executive Officer, Wayne C. Ramsey, Chief Operating Officer, and Gregory P. Marquiss, Vice President. The Terre Haute office will be staffed by Jeff Kriebel, Vice President and Branch Manager.

The business plan indicates that a major component of the trust company will be Anthem's marketing approach. Every management and staff position in the trust company includes marketing responsibilities and goals. Anthem plans on using traditional direct marketing activities and cross selling to affiliate clients. Anthem believes that this type of marketing strategy can offer a proven performance history of investment management, individual portfolio management, high quality personalized service, and accessibility to their prospective trust customers.

Anthem's primary trade area for the Indianapolis office will be Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan and Shelby counties. The primary trade area for the Terre Haute office will consist of Vigo and Clay counties. The Indianapolis trade area includes approximately twenty-two (22) commercial banks that maintain trust assets.

In Terre Haute, there are approximately seven (7) commercial banks in the trade area which maintain trust assets.

Mr. Schreiber distributed information concerning the incorporators, directors, and officers profiles showing each individual's educational and work experience background. There was also information distributed concerning the proposed institutions' fidelity insurance coverage and the limitations and deductibility terms. Funding for the capitalization of the proposed trust company will come directly from the parent company, the Associated Insurance Company. The applicant proposes \$1,200,000 in working capital for the new institution.

Based upon the investigation conducted by the staff of the Department, and the information submitted with the application, it was the staff's recommendation that the provisions of IC 28-11-5-4 have been met and approval is recommended. A motion for approval was made by Mr. Wolf, and was seconded by Mr. Grant. The motion passed with Mr. Lowery abstaining.

2) Home Loan Bank, SB, Fort Wayne, Allen County, Indiana

Home Loan Bank, SB, applied to the members of the Department of Financial Institutions for approval of a Plan of Conversion, whereby the institution will convert from an Indiana mutual savings bank to an Indiana stock savings bank, pursuant to the provisions of IC 28-1-21.9. The name of the institution will not change as a result of the conversion. In connection with the conversion, a holding company to be known as "Home Bancorp" will acquire 100% control of Home Loan Bank, S/B.

Mr. Eric Roberts, Senior Bank Analyst, presented this item of the agenda and began by stating that on October 14, 1993, the members approved a plan of mutual bank conversion to permit the institution to convert from an Indiana building and loan association to an Indiana mutual savings bank. On December 14, 1993, the Board of Directors authorized the officers of the mutual savings bank to obtain all necessary regulatory approval to consummate the plan of conversion pursuant to which the bank will convert to an Indiana stock savings bank.

For such a conversion to take place, the Department must approve the plan of conversion. As a stock savings bank, it will continue to be regulated by the Department with the FDIC as its primary federal regulator. The deposits of the bank will continue to be insured by the savings association insurance fund. The plan contemplates that the shares of capital stock will be held by the newly formed holding company. It is the holding company that will offer shares of stock for sale. The holding company format is being used primarily as a matter of corporate structure and will provide increased flexibility in conducting future business transactions. It is anticipated that the Federal Reserve Board will approve the formation of such a holding company.

Up to 50% of the net proceeds of the sale of common stock will be used by the bank holding company to purchase 100% or 10,000 shares of the capital stock of the savings bank. The holding company plans to retain up to 50% of the net proceeds from the sale of its common stock to be used for general corporate purposes.

The conversion will afford depositors and other customers the opportunity to become shareholders of the holding company. The conversion will allow the savings bank to raise additional capital through the sale of the holding company's common stock. In addition, it will provide the holding company with the flexibility to engage in new banking related activities and potentially expand through mergers and acquisitions. The holding company is authorized to issue 5,000,000 shares of common stock without par value, all of which have identical rights and preferences, and 2,000,000 shares of preferred stock, without par value.

The holding company will offer for sale up to 1,800,000 shares of common stock initially through a subscription offering. The plan of conversion requires with certain exceptions, that the number of shares of common stock falling within a range represents not less than 85%, nor more than 100%, of the current estimated value divided by the purchase price, or between 1,530,000 and 1,800,000 shares of common stock at a price of \$10.00 per share.

Non-transferable rights to subscribe for the purchase of the holding company's common stock have been granted under the plan of conversion to the following persons in order of priority: 1) the bank's tax qualified Employee Stock Ownership Plan; 2) savings, demand, and other account holders of the bank with balances of no less than \$50.00 as of December 31, 1992; and 3) other deposit account holders and certain borrowers of the bank including the bank's Recognition and Retention Plans and Trusts. If the total number of shares of stock subscribed for in the subscription offering does not fall within the offering range, additional shares representing up to the difference between the shares subscribed for in the offering and the number of shares equal to the maximum of the offering range, may be offered for sale in a direct community offering. This will involve an offering of all unsubscribed shares directly to the general public, giving preference first to residents of Allen and Adams Counties, Indiana, and then to residents of other Indiana counties and contiguous states, pursuant to a direct community offering.

Following the approval by the members of the plan of conversion to an Indiana stock savings bank, the plan of conversion will be submitted to a special meeting of the members of the bank.

Mr. Roberts also presented financial data which showed that as of September 30, 1993, the savings bank had total assets of \$238,600,000 and retained earnings of \$19,000,000. The retained earnings equaled 7.97% of total assets as of the same date. On a pro forma basis, as of the same date, tier one leverage capital will be 10.13% if the minimum number of shares are sold and 10.51% if the maximum number of shares are sold. The applicant was found to have satisfactory or outstanding ratings in the area of community reinvestment and macro rating. Mr. Roberts pointed out that the Department presently does not have regulations governing mutual to stock conversion of savings banks; however, the Office of Thrift Supervision does have regulations specifically dealing with this type of transaction, of which the Department uses as a guide.

In conclusion, the investigation of the applicant by the staff has found that the savings bank is operated in a safe, sound, and prudent manner. Management has been found to be competent and well qualified. The bank maintains adequate capital and is profitable. The proposed mutual to stock conversion and acquisition of control of the bank by the holding company will not jeopardize the interests of the depositors, creditors, or the public. Therefore, it is the staff's recommendation that the application be approved.

Mr. Zaleski inquired as to the procedural steps that are necessary for approval. Mr. Roberts explained that after the members approve the plan, the members of the institution approves the plan before it can go forward.

Mr. Zaleski also inquired as to the federal approval, and Mr. Roberts responded that the federal approval was necessary for the creation of the holding company. Director Phillips pointed out that in the 1993 Legislature, it was the Department who wrote the act which allowed a transaction of this nature to take place. Mr. Grant inquired as to how the price of the stock was set and Mr. Phillips responded by stating that the earnings were the primary basis.

Prior to the discussion of this agenda matter, Mr. Paul Wolf excused himself from any discussion or participation in this item of the agenda. A motion for approval was made by Mr. Lowery, and seconded by Mr. Zaleski. The motion was passed, with Mr. Wolf abstaining.

DIVISION OF CREDIT UNIONS

- 1) A request was submitted for approval of the proposed merger of South Indiana United Methodist FCU, Nashville, Brown County, Indiana, into KEMBA Credit Union, Indianapolis, Marion County, Indiana.

Mr. Mark Powell, Supervisor of the Credit Union Division, presented the application. Mr. Powell stated that the South Indiana United Methodist Credit Union is a very small institution which is having some difficulty providing financial services that its membership is desiring. This merger will have very little effect on the balance sheet of Kemba Credit Union. Mr. Powell pointed out that the credit union is operated by a single individual who would like to retire in the near future. Presently, the credit union is providing very few services to its membership. Pursuant to this merger the membership of United Methodist Federal Credit Union will be afforded all of the opportunities and services provided by Kemba Credit Union. Kemba has capital shares of \$26,546,745, and United Methodist has \$718,339 in capital shares. The boards of directors of both institutions have entered into an agreement of merger which was signed on October 28, 1993.

A motion for approval was made by Mr. Grant and seconded by Mr. Lowery. The merger was unanimously approved.

DIVISION OF CONSUMER CREDIT

- 1) Updating of the status on prior action approved by the Members on March 11, 1993, involving Mr. Norman's Furniture located in East Chicago.

Mr. Robert Haler, Supervisor, Consumer Credit Division, gave a report on Mr. Norman's Furniture located in East Chicago, Indiana. Mr. Haler pointed out that Mr. Norman's is a consumer seller who had refused to allow the Department access to it's records, and as a result, the Department had to resort to seeking the enforcement authority of the State Attorney General's Office. Mr. Norman subsequently allowed the Department to review his records in which we found 218 violations, totaling \$6,654 which is owed in refunds. Mr. Norman cooperated with the Department's staff, who's opinion was that none of these violations were done knowingly or willingly and we do not anticipate any further violations. This item was for informational purposes only.

DIRECTOR'S COMMENTS AND REQUESTS

- A) The Director will advise the Members of actions taken pursuant to delegated authority, which were as follows:

DIVISION OF BANKS AND TRUST COMPANIES

- 1) PRIME BANK, CROMWELL, NOBLE COUNTY, INDIANA
The bank has submitted a request to the Department for approval of the appointments of Robert J. Crothers and Robert A. Gordon, chairman and president, respectively, of Prime Bank, to serve as the liquidating agents in the dissolution of the bank. The dissolution of Prime Bank was approved by the Members of the Department at the December 16, 1993, meeting. The request was approved by the Director under Delegated Authority on December 20, 1993.
- 2) PEOPLES TRUST COMPANY, BROOKVILLE, FRANKLIN COUNTY, INDIANA
The bank has submitted a request to establish a branch banking office to be known as "Centerville Branch." The branch will be located at 101 E. Main Street, Centerville, Wayne County, Indiana. The bank proposes to acquire three existing, Wayne County branch offices from Bank One, Richmond, Richmond, Wayne County, Indiana, pursuant to IC 28-2-13-19. The branches are to be established pursuant to a branch purchase and deposit assumption agreement which was executed on October 15, 1993. This will be the applicant's 10th branch. The request was approved by the Director under Delegated Authority on December 20, 1993.
- 3) PEOPLES TRUST COMPANY, BROOKVILLE, FRANKLIN COUNTY, INDIANA
The bank has submitted a request to establish a branch banking office to be known as "Fountain City Branch." The branch will be located at 114 State Road 27 South, Fountain City, Wayne County, Indiana. This will be the applicant's 11th branch. The request was approved by the Director under Delegated Authority on December 20, 1993.
- 4) PEOPLES TRUST COMPANY, BROOKVILLE, FRANKLIN COUNTY, INDIANA
The bank has submitted a request to establish a branch banking office to be known as "Hagerstown Branch." The branch will be located at 102 West Main Street, Hagerstown, Wayne County, Indiana. This will be the applicant's 12th branch. The request was approved by the Director under Delegated Authority on December 20, 1993.
- 5) NBD BANK, ELKHART, ELKHART COUNTY, INDIANA
The bank has submitted a request to establish a branch banking office to be known as "Jackson Drive-In." The branch will be located at 411 East Jackson Boulevard, Elkhart, Elkhart County, Indiana. This will be the applicant's 17th branch. The request was approved by the Director under Delegated Authority on December 20, 1993.

DIVISION OF CREDIT UNIONS

- 1) HUNTINGTON COUNTY FARM BUREAU CREDIT UNION, HUNTINGTON, HUNTINGTON COUNTY, INDIANA

A request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

The Huntington County TAB, Inc. - Huntington - 12 members
Huntington Heating & Cooling, Inc. - Huntington - 6 members
Charlie Cox, Inc. d/b/a Huntington Tire & Service - Huntington - 15 members

Hanson Enterprises, Inc. d/b/a Hoosier Drive-In - Huntington - 14 members

The request was approved by the Director under Delegated Authority on December 15, 1993.

2) PERFECT CIRCLE CREDIT UNION, HAGERSTOWN, WAYNE COUNTY, INDIANA

A request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Carpenter Manufacturing, Inc. Richmond - Richmond - 42 members
Pittsburgh Tube Company/Tec-Fab Div. - Richmond - 41 members

The request was approved by the Director under Delegated Authority on December 17, 1993.

3) TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA

A request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

Martin Luther King Multi-Service Center - Indianapolis - 10 members
Statewide Private Investigations & Security Services, Inc. -
Crawfordsville - 11 members
Financial Services Associates, Inc. - Niles - 8 members
Shamrock Gardens Assisted Living Facility - South Bend - 30 members
Larry's Nursery - Walkerton - 5 members
Indiana Mortuary Service, Inc. - Homer - 5 members
Hoosier Distributing - South Bend - 7 members
St. Joseph Polish Roman Catholic Cemetery Assoc. Burial Establishment,
Inc. - South Bend - 10 members
Time Systems, Inc. - South Bend - 12 members

The request was approved by the Director under Delegated Authority on December 20, 1993.

4) JET CREDIT UNION, INDIANAPOLIS, MARION COUNTY, INDIANA

A request for approval of a Petition for Approval of Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union:

ValCar Rental Car Sales - Indianapolis - 40 members
A-1 Auto Sales, Inc./Ben Davis Auto - Indianapolis - 10 members
Dreyer Yamaha-Suzuki - Indianapolis - 14 members
Mt. Pleasant Baptist Church - Indianapolis - 300 members
Budget Car Sales - Indianapolis - 60 members
The Children's Bureau of Indianapolis, Inc. - Indianapolis - 200 members
Scotty's Mobile Home, Inc. - Indianapolis - 5 members
Amsteel Fence Co. II, Inc. - Indianapolis - 12 members
GasAmerica Services, Inc. - Shirley - 400 members

The request was approved by the Director under Delegated Authority on January 4, 1994.

DIVISION OF CONSUMER CREDIT

- 1) A request was made for a Pawnbroker's License by William D. Johnson d/b/a Auto Title Loans. The license is to be located in Elkhart, Indiana. The appropriate bond has been posted. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on December 27, 1993.
- 2) A request was made for a check casher license by 165th & Calumet Currency Exchange, Inc. The license is to be located in Hammond, Indiana. The

applicant is licensed under the Currency Exchange Act and has applied for a license under the new Money Transmitter Act, effective January 1, 1994.

It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on December 27, 1993.

- 3) A request was made for a check casher license by East Chicago Currency Exchange, Inc. The license is to be located in East Chicago, Indiana. The applicant is licensed under the Currency Exchange Act and has applied for a license under the new Money Transmitter Act. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on December 27, 1993.
- 4) A request was made for a check casher license by Checkcorp, Inc. The license will be located in Elkhart, Indiana. All references are in order and the applicant has met all of the requirements of the check cashing law. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on December 27, 1993.
- 5) A request was made for a Money Transmitter license from Comdata Network, Inc. The license will be located in Brentwood, Tennessee. The company is now licensed under the Currency Exchange Act which is being replaced by the Money Transmitter Act. They will have 97 authorized locations offering their Comchek payment transfer to individuals. The request was approved by the Director under Delegated Authority on December 27, 1993.
- 6) A request for a Lender's License was made by Spring Financial, Inc. d/b/a Equity One, Inc. They plan to make second mortgage loans. They are presently operating in fifteen states. The request was approved by the Director under Delegated Authority on December 30, 1993.
- 7) A request was made for a Money Transmitter License by Citicorp. They are currently licensed under the Currency Exchange Act. They will be issuing travelers checks at over 500 locations in Indiana. The request was approved by the Director under Delegated Authority on December 30, 1993.
- 8) A request was made for a Money Transmitter License by Currency Express, Inc. They are currently licensed under the Currency Exchange Act. They will be issuing money orders in their name at 13 grocery store locations. The request was approved by the Director under Delegated Authority on December 30, 1993.
- 9) A request was made for a Money Transmitter License by 165th & Calumet Currency Exchange, Inc. The license will be located in Hammond, Indiana. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on December 30, 1993.
- 10) A request was made for a Money Transmitter License by East Chicago Currency Exchange, Inc. The license is to be located in East Chicago, Indiana. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on December 30, 1993.
- 11) A request was made for a Check Casher License by All Checks Cashed, Inc. The license will be located in Indianapolis. There will be two branch locations in addition to the main office in Indianapolis. The request was approved by the Director under Delegated Authority on December 30, 1993.
- 12) A request was made for a Money Transmitter License from Interpayment Services Limited. This is a subsidiary of Barclay's Bank. The license will be located in New York. They will have 249 authorized locations in the State of Indiana. The request was approved by the Director under Delegated Authority on January 10, 1994.
- 13) A request was made for a Money Transmitter License from Travelers Express Company, Inc. The license is to be located in Minneapolis, Minnesota.

They will have 1099 authorized locations in Indiana where the money orders will be offered. The request was approved by the Director under Delegated Authority on January 10, 1994.

- 14) A request was made for a Check Cashier License by Westside Check Systems, Inc. The license is to be located in Indianapolis, Indiana. The request was approved by the Director under Delegated Authority on January 10, 1994.
- 15) A request was made for a Lender's License by Mellon Bank of Pittsburgh, Pennsylvania. They will use the office of a non-bank affiliate to take applications. The company will be making second mortgage loans. Since they are not a supervised financial organization as defined in IC 24-4.5-1-301(21), they would need a loan license. In order to be a supervised financial organization, they must be able to make loans and take deposits in Indiana. The loans will be closed at local title companies and attorney offices. The request was approved by the Director under Delegated Authority on January 10, 1994.
- 16) A request was made for a Money Transmitter License by Integrated Payment Systems, Inc. The license will be based in Englewood, Colorado. Integrated Payment Systems has agreed with American Express Travel Services to take over their consumer funds transfer business. American Express holds a separate license. Integrated Payment Systems plans to eventually convert the local selling agents from American Express to Integrated. Presently, there are no locations operating in Indiana. The request was approved by the Director under Delegated Authority on January 10, 1994.

Mr. Wolf inquired as to how often money transmitters have to be licensed, and Mr. Haler responded accordingly.

There being no further business to come before the Members, the meeting was adjourned.

APPROVED:

ATTEST:

Mark Hasten, Chairman

J. Philip Goddard, Secretary